

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
May 15, 2003
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on May 15, 2003 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Elzie Higginbottom and Members Violet Clark, Gary Peterlin and William Dugan.

Chairman Higginbottom convened the May 15, 2003 Regular Meeting at 9:34 A.M. in the 3rd floor Board Conference Room. Member Clark moved that **pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, the Board retire to Closed Session to discuss the items listed under Closed Session on today's (May 15, 2003) agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Peterlin seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

The Board convened its Open Session at 1:50 P.M.

Approval of Minutes

Member Clark moved that **the Board approve the following closed session minutes of the Illinois Gaming Board's Regular Meeting of April 15, 2003 and Special Meeting of May 2, 2003, and the open session minutes of its Regular Meeting of April 15, 2003 and Special Meeting of May 2, 2003.** Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Chairman Higginbottom updated the public on the status of the Emerald Casino license. Chairman Higginbottom stated that there were a number of complicated issues that needed to be resolved. Chairman Higginbottom stated that the Board, Staff, the Attorney General's

Office, and the Governor's Office feel that the Board has made tremendous headway. Chairman Higginbottom stated that he expects to have the issues regarding the 10th license brought to a conclusion very shortly. Chairman Higginbottom commended the staff from the Gaming Board, Attorney General Office, and outside counsel for all of their hard work. Chairman Higginbottom stated that the 10th license would help to fill the hole in the State budget; however, Chairman Higginbottom stated that the Board's main objective is to make sure that the process is fair, open and competitive and that all communities throughout the State of Illinois have the opportunity to participate in the award of the 10th license.

Chairman Higginbottom stated that Administrator Parenti held a meeting last month with the General Managers of the casinos to discuss various regulatory issues. Chairman Higginbottom stated that he is pleased to hear that some of the licensees shared with Administrator Parenti and Staff steps that they have taken to increase diversity in the workforce. Chairman Higginbottom commended Member Clark for attending the General Manager's Meeting, which gave her the opportunity to discuss with a number of licensees their policies and procedures on diversity.

Administrator's Report

Administrator Parenti stated that he was pleased with the outcome of the General Manager's meeting. Administrator Parenti stated that he is glad that the owners are talking to one another so that resolution can be reached to some of the issues that Staff has with the licensees. Administrator Parenti stated that in addition to affirmative action, Staff is awaiting the industry to assemble a technical panel to further advise Staff on electronic gaming in the future. Administrator Parenti stated that he feels that the Board and Staff should have a better understanding than they do now on new electronic gaming technology. Administrator Parenti stated that Staff has also expressed interest in the licensee's self-exclusion policies for people who try to get readmitted.

Administrator Parenti announced that the deadline for submitting comments on the Ticket-In-Ticket-Out (TITO) rule is Monday (May 19, 2003).

Administrator Parenti asked Gene O'Shea, Public Information Officer, to update the public on the Self-Exclusion Program.

Mr. O'Shea stated that within the next two weeks himself and other Staff members would be meeting with regulators in Indiana to help casinos in Indiana set up a self-exclusion program.

Mr. O'Shea stated that since July 1, 2002, 625 persons have been enrolled in the Self-Exclusion Program and of that figure 272 enrollees are women and 344 are men. Mr. O'Shea stated that so far 445 Illinois residences have enrolled in the program, 141 persons are from Missouri, 13 persons are from Indiana, 6 persons from Kentucky, 4 persons from Iowa, one person from Tennessee, and one from Maryland. Mr. O'Shea stated that the busiest enrollment sight has been the Outreach Foundation in Downers Grove. Mr. O'Shea stated that regarding the dock sites, Casino Queen has been the busiest, enrolling 128 persons

to date. Mr. O'Shea stated that so far 439 persons have signed up at the dock sites and other IGB offices in Springfield and Chicago. Mr. O'Shea stated that with these types of figures, he is confident that there will be at least a thousand persons enrolled by the end of the calendar year.

Mr. O'Shea stated that when a person signs up for self-exclusion they must designate one of three organizations where they want their winnings donated to if they should return to the casino. Mr. O'Shea stated that since the Self-Exclusion Program has started there have been 14 incidents where persons enrolled were discovered back at the casino, resulting in the confiscation of nearly \$14,000 in chips, winnings, and tokens from the patrons who were self-excluded. Mr. O'Shea stated that the winnings were distributed to the Outreach Foundation, Illinois Counsel on Problem and Compulsive Gambling, and the Illinois Institute for Addiction Recovery.

Mr. O'Shea announced that the 22nd sign-up site would be implemented this week in Elgin.

Member Peterlin commended Mr. O'Shea for his hard work on the Self-Exclusion Program.

Chairman Higginbottom encouraged the licensees to contribute to organizations that are designed to help those who are compulsive gamblers and want help. Chairman Higginbottom stated that some of these organizations are funded by the State, and that due to the cut backs in the State budget, it may be a little tight on their budget.

Administrative Parenti provided a report on the pending legislation and some of the issues that affect the Board's regulatory power. Administrative Parenti stated that the Board is taking no formal position on the bills; however, the Board will take any necessary action to enforce any Bills passed by the General Assembly.

Administrative Parenti stated that one issue that the Board has with the pending legislation is regarding self-exclusion. Administrative Parenti stated that \$5 million was allocated for compulsive gambling in one bill. Administrative Parenti stated that the dollar amount is a good concept; however, those funds go to the Department of Human Services (DHS). Administrative Parenti stated that the Gaming Board would request that the funding be appropriated to the Gaming Board in order for the Board to approve the direction of where the DHS disbursements should go.

Administrator Parenti stated that another issue is that with one proposed bill, a boat could have a maximum of 2000 positions. Administrator Parenti stated that the bill would also provide unused positions by boats that are not using the maximum 2000 positions. Administrator Parenti stated that the Board is concerned that this process would create "mega casinos," meaning that some casinos would be getting larger, while the smaller ones that are not using the total 2000 positions might get smaller. Administrator Parenti stated that there is no limit in the bill on annual bid purchases. Administrator Parenti stated that position re-evaluation happens every 4 years. Administrator Parenti stated that there could be a scenario

where larger casinos keep purchasing positions every year with no cap on it and smaller casinos may not be able to justify their positions after four years.

Administrator Parenti stated that one bill also allows 15% of all EGDs to be placed on home dock facilities, which means that slot machines could be in pavilion areas. Administrator Parenti stated that slot machines in pavilion areas could cause security problems of policing underage children in pavilion areas.

Administrative Parenti stated that Staff would like to see police power added for its staff of revenue agents.

Administrative Parenti stated that in regards to electronic gaming facilities (racinos), which are slot machines at the racetracks, there is a tremendous shortage in the headcount to regulate such facilities. Administrator Parenti stated that the shortage could be attributed to the budgetary crisis and early retirement. Administrator Parenti stated that the critical vacancies, which resulted from the budgetary crisis, needs to be addressed before the issue of additional IGB staff could be addressed.

As it relates to the racetrack facilities having slot machines on the premises, Administrator Parenti stated that there is an age-difference issue. Administrator Parenti stated that you can bet on a horse race if you are 18 years of age; however, you can not bet in a casino or on a slot machine unless you are 21 years of age. Administrator Parenti stated that the slot machines would have to be specifically segregated at the racetrack. Administrator Parenti stated that the issue of minors being around electronic gaming devices needs to be addressed.

Administrator Parenti stated that as it relates to licensing of the potential owners of racinos, it doesn't appear that the amendments of the statute that governs the racetrack industry are consistent with the Riverboat Gambling Act in terms of suitability determination for racetrack owners.

Administrator Parenti highlighted the proposals in House Bill 145 that the Gaming Board is proposing.

Administrator Parenti talked about the so-called "gray market" machines. Administrator Parenti stated that most know that amusement slot machines in bars are being illegally used for gambling. Administrator Parenti stated that this conduct occurs between the patron of the bar, the bar owner, and the distributor of the machine. Administrator Parenti stated that the bar owner and the distributor could make as much as 50% from patrons gambling. Administrator Parenti stated that House Bill 142 says nothing about the gray market machines. Administrator Parenti stated that if the Bill does not mandate the elimination of the machines, there is a major enforcement issued. Administrator Parenti stated that Staff must be able to go into the bars on a more than just random basis in order to see if the bar owners and patrons are using the machines. Administrator Parenti stated that if Staff finds that the bar owners and patrons are using the gray market machines, then there should be stringent penalties.

Public Commentary

Tom Swoik, Executive Director, Illinois Casino Gaming Association (ICGA), was present to give the Board a little background information on Peter Bensinger, President and CEO of Bensinger, Dupont & Associates, and how ICGA came to hire Mr. Bensinger to oversee the gambling hotline. Mr. Swoik introduced Mr. Bensinger to the Board.

Peter Bensinger, President and CEO of Bensinger, Dupont & Associates was present to familiarize the Board with the gambling help-line. Mr. Bensinger provided the Board with a presentation that informed the Board of help-line statistics, the type of training provided to casino staff and the community, the quality assurance program used to monitor the effectiveness of the help-line, the outcome of the help-line, and how information about the help-line is made available to the public.

Clarence Rak was present to discuss the negative effects that gambling at casinos had on his wife, marriage, and family.

Professor John W. Kindt, University of Illinois in Champaign-Urbana was present to provide the Board with a presentation on academic studies conducted on the social causes of gambling. Mr. Kindt discussed the negative effects that the expansion of gambling has on families and the community.

Douglas L. Whitley, President of The Illinois Chamber of Commerce was present to express the Illinois State Chamber of Commerce's support for House Bill 143, which raises the limit on gaming positions at existing casinos, allows slot machines at racetracks and restructures gaming and admission taxes.

Owner Licensee Items

CASINO ROCK ISLAND – LICENSE RENEWAL – Donna More, Attorney, and Ron Wicks, President of Casino Rock Island, were present on behalf of Casino Rock Island to request approval for license renewal. Mr. Wicks stated that over the last licensing period, Casino Rock Island has made some major steps for better operation. Mr. Wick stated that Casino Rock Island is looking forward to a bright future.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board renew the Owner's License of The Rock Island Boatworks, Inc., for a term of four years expiring May 2007.**

Further, based on the staff's investigation and recommendation, Member Clark moved that **the Board certify and approve the following positions and persons as Key Persons of the licensee:**

- 1. Chairman of the Board;**
- 2. Director of the Corporation;**
- 3. President;**
- 4. D. James Jumer;**
- 5. Ronald Wicks;**
- 6. Gary A. Buettner;**
- 7. James F. Jumer;**
- 8. John A. Jumer; and**
- 9. Sylvia Wicks.**

Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

EMPRESS CASINO – ANTHONY CARLUCCI, DIRECTOR OF FACILITY OPERATIONS – LEVEL ONE – James Butler, Corporate Counselor, was present on behalf of Anthony Carlucci to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Peterlin moved that **the Board approve Anthony Jude Carlucci as a Level 1 Occupational Licensee of Empress Casino Joliet Corporation.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

GRAND VICTORIA CASINO – WILLIAM MARTIN, EXECUTIVE COMMITTEE MEMBER – KEY PERSON – Donna More, Attorney, was present on behalf of William Martin to request approval as a Key Person.

Based on a review of the staff's investigation and recommendation, Member Peterlin moved that **the Board approve William T. Martin as a Key Person of Elgin Riverboat Resort d/b/a Grand Victoria Casino.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Based on staff's investigation and recommendation, Member Peterlin moved that **the Board approve 74 applications for an Occupational License Level 2 and 179 applications for an Occupational License Level 3.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

Board Member Comments

Based on the General Manager's meeting that Member Clark attended a few weeks ago, Member Clark commended those General Managers who spoke up and stated the affirmative action efforts that they have taken and the steps they took to recruit more minorities and women for their staff. Member Clark stated that several General Managers spoke with her after the meeting and said that they have encountered some impediments to their efforts. Member Clark encouraged those General Managers who have encountered impediments, as well as those who didn't speak up to contact the Staff and work with Staff, to try to explore ways to remedy the situation. Member Clark stated that the licensees provide an opportunity for women and minorities to gain skills that they can use not only within the industry, but skills that they could carry with them throughout their employment history. Member Clark stated that to that extent, the licensees provide a valuable service to the community. Member Clark stated that the Board urges the licensees to continue those efforts.

Chairman Higginbottom encouraged those who spoke during public commentary to have their voices heard by the legislature.

At 3:40 P.M., Member Clark moved to adjourn. Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

Respectfully submitted,
Monica Thomas

Secretary to the Board